



PRESS RELEASE

October 28, 2011

Emery Unified School District Takes Advantage of Federal Subsidy to Lower Costs of General Obligation Bonds

Subsidy Saves Taxpayers Millions In Interest Costs

On October 12, 2011 the Emery Unified School District successfully issued \$15 million of the District's general obligation bonds. This marks the second series of bonds of a larger capital program under Measure "J" approved by District voters on November 2, 2010, and follows a \$25.5 million bond sale in April of this year. Measure "J" received a strong 74% of voter support, authorizing \$95 million in bonds to be sold over time.

In this bond sale, the District took advantage of an option which allowed it to reduce the effective interest rates on the bonds, resulting in significant savings to taxpayers. The District applied for and received authorization to issue the bonds under the federal government's Qualified School Construction Bond program, which offers interest rate subsidies to qualifying Districts. With the federal subsidy, the effective rate to the District is less than 0.3% for the life of the bond. It is estimated that the federal subsidy is worth \$7 million to District taxpayers.

"In this bond sale we took advantage of both the historically low interest rates as well as the federal subsidy to ensure that every dollar contributed by our community members goes as far as it can to pay for the projects that Measure J envisions—in essence, almost every tax dollar collected for this particular bond issue will be spent right here in the District, and that helps both the District and the local economy," stated Dr. Debbra Lindo, Superintendent.

"Our community members have shown tremendous support for the District. The parcel tax they have approved is essential to the current financial health of the District, and will be vital to the operations of the new facilities. Our Governing Board and administration recognize that with that support comes a great fiduciary responsibility to wisely manage the District's finances, and we are fully committed to doing that. In this case we took advantage of a unique opportunity to show that by minimizing the tax burden carried by our community members," stated Board President Miguel Dwin.

The bond sale was aided by very strong credit ratings that reflect the District's pragmatic financial management, and the stable local economy. In preparation for the first Bond sale back in April, the District approached the rating agencies with a comprehensive presentation of the District's management, financial and economic credit factors. Standard & Poor's assigned the District an "A+" rating, and Moody's Investors Service assigned a rating of "Aa3." The strong ratings allowed the District to attract investor interest and negotiate attractive rates on the date of sale.

The bond sale was managed by the prominent California school district financial advisory firm of Caldwell Flores Winters, Inc., headquartered right here in Emeryville.

This is one of several important milestones for the District; on September 15th the District officially celebrated the full repayment of a state loan with the presentation of a final check to State Superintendent of Public Instruction Tom Torlakson, effectively bringing to an end financial oversight of the district by the state, and

clearly establishing a new era of financial self-sufficiency; and on [DATE] the District received official notification that the City of Emeryville was committing \$25 million toward the construction of the Center for Community Life, the cornerstone of the shared vision between the City and the District for an Emery Unified School District that not only serves its students with state-of-the art facilities, but is also integrated with the fabric of the community.

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